



Performance Audit of Facility Management Division Capital Programming and Planning

King County Auditor's Office

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Council Concerns

2007 Council Budget Proviso: Determine whether FMD employs effective management practices in selecting and planning capital improvements

- Improve transparency, accountability, and communication on county capital projects
- Provide effective oversight over different phases of projects
- Strengthen policies, procedures, and practices related to capital programming and planning



Summary of Key Recommendations

- Develop a *comprehensive* CIP tied to county and agency goals
- Clarify capital programming and planning guidance
- Standardize selection criteria, alternatives analysis, risk assessment, and communication protocols
- Establish predesign processes
- Improve and expand performance measures



Capital Project Development Stages

Integrated process
to identify facility
needs and select
projects

Capital
Programming

Processes to
develop preliminary
project scope,
assess benefits,
costs, and risks, and
establish goals for
scope, schedule,
and budget

Project
Predesign

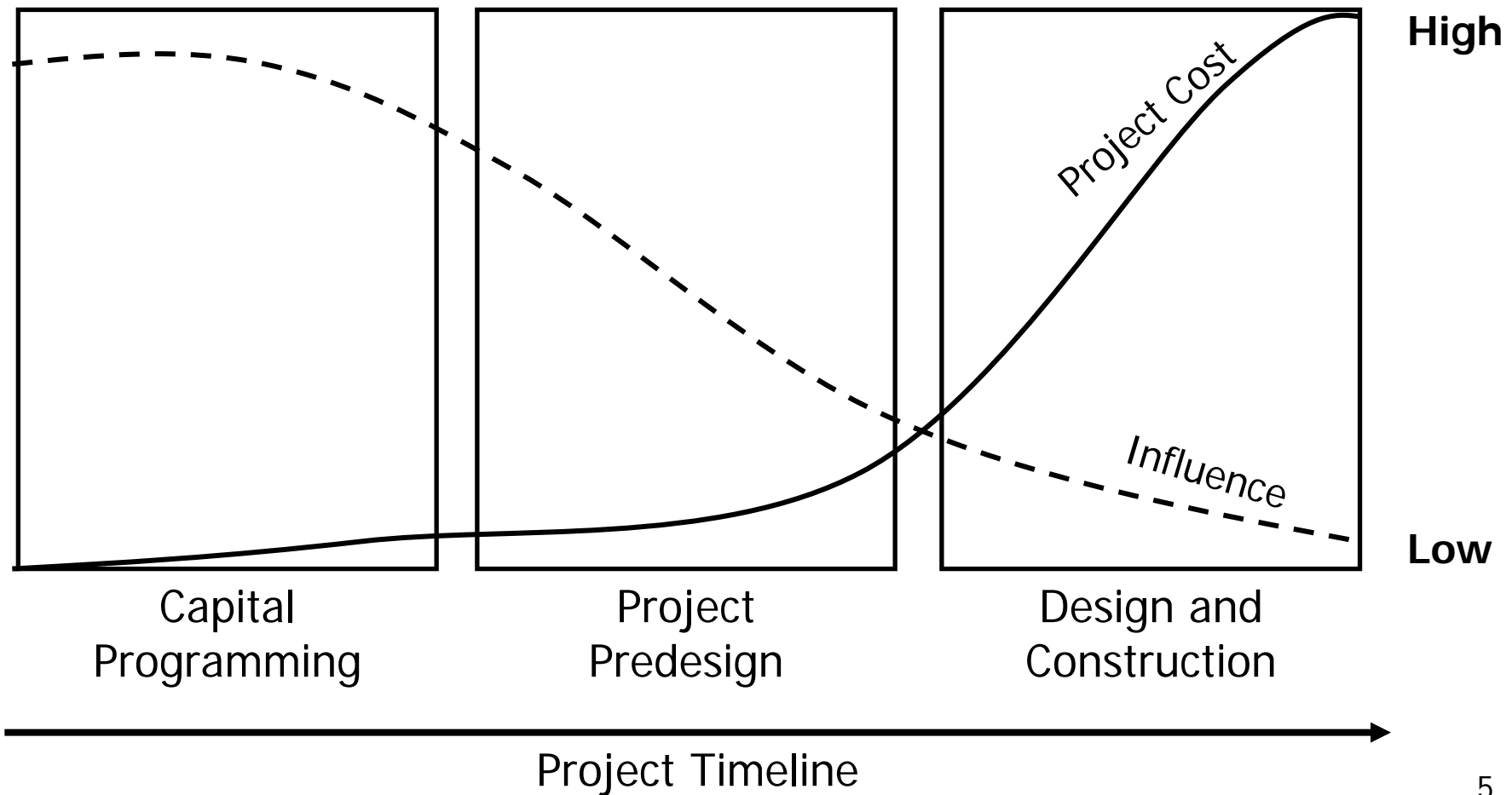
Implementation of
identified and
funded capital needs

Design and
Construction

Project Timeline



Cost of Change





Case Study Methodology

- Objective: In-depth review of projects provides insight into detail behind FMD and county policies and practices
- Four case studies
 - Yesler Building Major Maintenance
 - Superior Court Facility Master Plan
 - New County Office Building (Chinook)
 - Courthouse Seismic Project



Capital Programming Best Practices

Capital plans advance agency's goals:

- Develop a long-term comprehensive capital program well integrated with organization's strategic plan
- Conduct a comprehensive assessment of both capital and operating needs
 - Conduct "gap analysis" to determine the needs that cannot be filled using current assets
- Develop clear criteria and processes for evaluating and selecting capital projects



Capital Programming Key Findings

Integration with strategic plan:

- County code required OMP and FMP are effective planning tools
- Code does not establish an integrated framework for a comprehensive capital plan

Assessment of capital & operating needs:

- FMD strong in operational analysis
- Capital major maintenance assessment - 2002

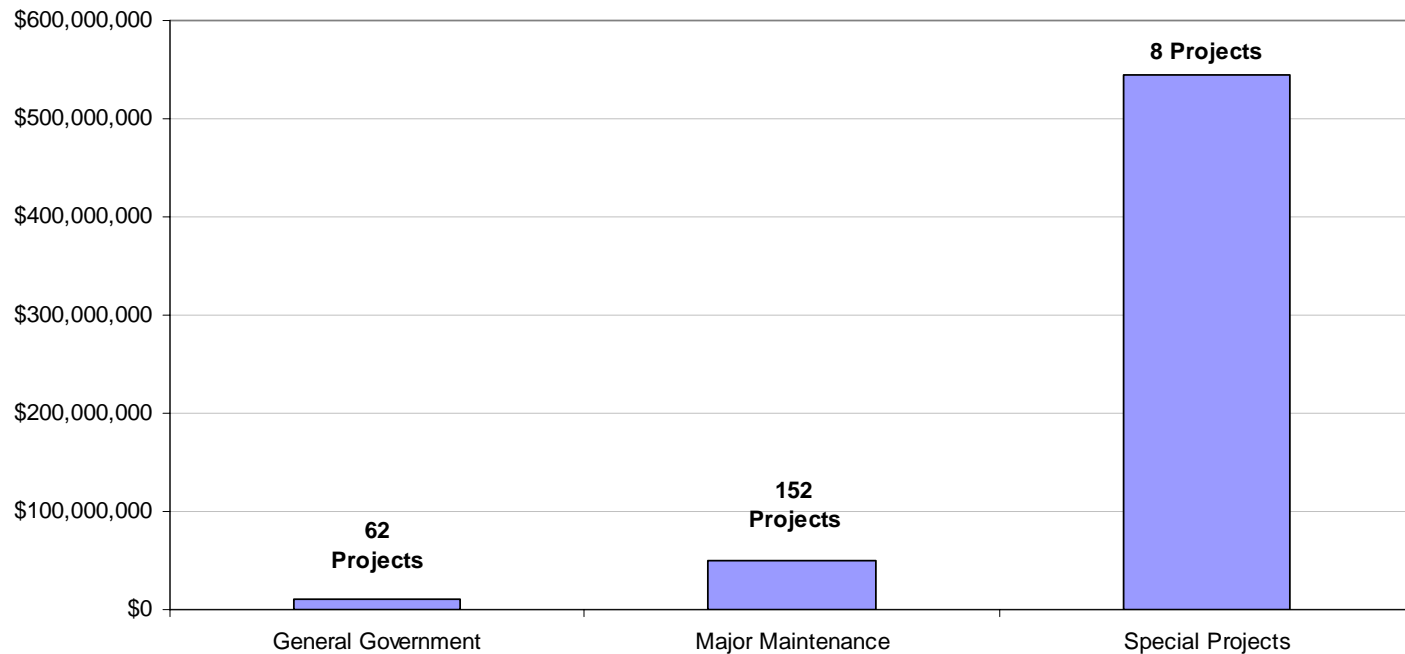
Evaluating & selecting capital projects:

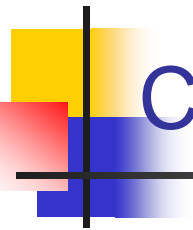
- Needs to be clarified for special projects



FMD Capital Project Types

Number of Projects and Budgets by Types, 2003-07





Capital Programming Recommendations

Council should revise code to specify:

- a) Process for capital programming, project planning, and approval
- b) Types of projects under these requirements

FMD should establish:

- a) Comprehensive Capital Improvement Program
- b) Facility condition update every 2 – 4 years
- c) Criteria for selecting Special Projects

Impact: Projects serve county goals



Predesign Best Practices

Create the means for good decision-making:

- Conduct a rigorous, comprehensive analysis of alternatives and develop a cost plan for the preferred alternative
- Develop a risk management plan and a risk-adjusted cost plan for the preferred alternative
- Provide a complete project management plan prior to council approval and funding of capital projects



Predesign Key Findings

Alternatives analysis and cost planning:

- FMD does not have a standard framework for alternatives analysis and cost planning
- Council has addressed through provisos requiring FMD response
- Proviso-proviso response process can exclude critical variables

Risk management plan, risk-adjusted cost plan:

- FMD did not systematically identify and address risks, or develop comprehensive risk management plans
- Contingency budgets sometimes inadequate



Predesign Key Findings, cont.

Project management plans:

- FMD developed adequate project management plans on some projects
- Consistency and updating of plans could be improved by:
 - Developing and updating project schedules with key milestones
 - Identifying the project team and assigned roles and responsibilities
 - Reviewing the proposed project delivery method and alternatives



Predesign Recommendations

FMD should develop and use:

- a) Standard framework for analysis of alternatives and cost plans
- b) Risk management plan and risk-weighted cost plan for preferred alternative
- c) Complete and update a project management plan

Council should revise code to require agencies to develop project management plans for major capital projects

Impact: Improved transparency and decision-making



Oversight Best Practices

Ensure accountable performance:

- Provide well-developed project justifications
- Develop a communications plan to support informed decision-making
- Require and fund a predesign phase and predesign report before funding design and construction
- Use performance measures to determine and report on the status of capital project management and capital preservation



Oversight Key Findings

Project justifications:

- FMD does not have a standard project justification
- County code does not require project justifications
- Result - Council has inadequate information to evaluate FMD's projects

Project communication:

- FMD and other agencies do not have standard project communication protocols
- Ad-hoc requirements
- Oversight Manager



Oversight Key Findings, cont.

Predesign for major projects:

- King County Code does not define a discrete predesign phase
- Predesign reports on major projects not required
- Result - Council does not have adequate information before appropriating design and construction funding

Performance measures:

- FMD reports only on schedule measures and only for the Major Maintenance program
- OMB Capital Projects Working Group



Oversight Recommendations

FMD should develop and use:

- a) Standard framework for preferred alternative and funding requests
- b) Standard formats for presenting capital plans and requests to council
- c) Standard performance measures, including scope and budget measures, condition index, program-level roll-ups

Council: Require predesign phase and report for major capital projects

Impact: More effective council oversight and accountability



Executive Response

- Concurred or partially concurred with all audit recommendations
- Implementation schedule pending; committed to work with Auditor's Office and Capital Project Oversight Manager to implement recommendations